

LEGISLATIVE COUNCIL PRESENTATION
10/11/05

MY NAME IS JUDY WILSON. I HAVE BEEN A USED CAR DEALER SINCE 1987.

MY HUSBAND HAS BEEN A DEALER FOR SOME 30 YEARS. I SERVE ON
THE BOARD OF THE IOWA INDEPENDENT AUTOMOBILE DEALERS
ASSOCIATION AND AS CHAIRPERSON OF OUR LEGISLATIVE COMMITTEE

AS DOUG LIVY INDICATED OUR ASSOCIATION HAS FOLLOWED
VARIOUS FORMS OF THE AREA OF RESPONSIBILITY LEGISLATION FOR
WELL OVER TWO YEARS AND THE AMENDMENT TO H.F. 882 INDEED
GOT OUR ATTENTION EVEN MORE SO WHEN THE LEGISLATIVE COUNCIL
WAS REQUESTED TO FORM AN INTERIM STUDY COMMITTEE TO STUDY
THE MOTOR VEHICLE LICENSING LAW AS IT PERTAINS TO MOTOR
VEHICLE DEALERSHIP MOVES. PERHAPS THE INTENT WAS TO STUDY
ONLY THE MOVES OF NEW CAR DEALERSHIPS ----- HOWEVER THE
AMENDMENT LANGUAGE MADE IT APPEAR THAT PERHAPS SOME
FOLKS WANT TO LOOK AT LOCATION CHANGES MADE BY NOT ONLY
NEW DEALERS, BUT USED CAR DEALERS, RECYCLERS AND MOTORHOME
DEALERS AS WELL.

MANY OF US CAN REMEMBER WHEN EVERY COUNTY SEAT, ALL 99
COUNTIES, HAD AT LEAST ONE NEW CAR STORE HAVING A SERVICE
DEPARTMENT TO REPAIR THE NEW CARS THEY SOLD, A BODY SHOP TO
REPAIR OUR FENDER BENDERS, AND A PARTS DEPARTMENT TO FURNISH
US WITH PARTS FOR OUR USED CARS AND TRUCKS. THOSE NEW

CAR DEALERSHIPS HOSTED AN IMPORTANT AND EXCITING OPEN HOUSE WHEN ALL THE NEW MODELS ARRIVED IN THE SHOWROOMS EACH FALL. AS A CHILD GROWING UP NEAR ACKLEY, THIS BECAME A COMMUNITY SOCIAL GATHERING FOR OUR FAMILY AS WE VISITED WITH FRIENDS AND NEIGHBORS OVER HOT APPLE CIDER AND HOMEMADE COOKIES. I VIVIDLY REMEMBER THE EXCITEMENT OF A NEW MODEL CALLED A STATION WAGON. THE FIRST ONE OUR FAMILY PURCHASED WAS A CHEVROLET.

TODAY, MANY OF THOSE DEALERSHIPS NO LONGER EXIST - THE REASONS VARY AS TO WHY. PROFITS LESSENERED ON NEW CAR SALES, THE COST OF DEALERSHIP SIGNAGE ROSE, VEHICLE LITERATURE, WHILE ONCE FREE FROM THE MANUFACTURER NOW HAD TO BE PURCHASED, COSTS OF MOVING PARTS INCREASED, ADVERTISING RATES ROSE. WHILE THE HOURLY FLAT RATE FOR MECHANICAL REPAIRS DIFFERS BY LOCATION, - SERVICE TECHS IN A NEW CAR STORE MAKE A PRETTY GOOD GOOD WAGE.

FEW OF THE MEDIUM AND SMALLER DEALERSHIPS COULD AFFORD TO MAINTAIN A BODY SHOP - THEY WERE NO LONGER A PROFIT CENTER FOR THE DEALERSHIP. INDEPENDENT SHOPS COULD DO THE WORK AT A LESSER COST. FEDERAL AND STATE LAW AND ENVIRONMENTAL REGULATIONS REQUIRED DEALERS TO UPDATE AND COMPLY OR QUIT. I AM PROVIDING THIS BACKGROUND INFORMATION SIMPLY TO SHOW

THAT AUTOMOBILE DEALERS HAVE, OVER THE YEARS, HAD TO ADJUST TO MANY CHANGES AS WELL AS INCREASED COMPETITION FROM OTHER NEW CAR DEALERS AND THE INFLUX OF USED CAR DEALERS, NOT ONLY IN IOWA, BUT IN ALL 50 STATES.

RECENTLY OUR COURTS STRENGTHENED EMINENT DOMAIN LAWS AND IN SOME RESPECTS, WHILE EMINENT DOMAIN DEALS WITH PRIVATE PROPERTY BEING USED FOR PUBLIC USE – I CAN LIKEN THE INTENT TO PROPOSED LEGISLATIVE ACTION ON DEALERSHIP MOVES. IF YOU DON'T LIKE A NEIGHBORING COMPETITOR - JUST PASS A LAW AND YOU CAN PUT THEM OUT OF BUSINESS.

MUNICIPAL GOVERNMENTS THROUGHOUT THE COUNTRY ARE PASSING ZONING REGULATIONS AND ORDINANCES EFFECTING USED AND NEW CAR DEALERSHIPS RELATIVE TO LOT SIZES, LANDSCAPING REQUIREMENTS, FRONTAGE, LOT SURFACING MATERIALS, PARKING GUIDELINES AND REQUIREMENTS TO CLEAN UP AND MAKE MORE EYE APPEALING OUR ROWS OF IRON AND THIS IS OKAY. AS BUSINESS PEOPLE WE HAVE RESPONSIBILITY TO OUR FELLOW BUSINESS NEIGHBORS AND OUR COMMUNITIES TO DO THESE THINGS. SOME MIGHT SAY THESE ARE FIRST STEPS TO LIMITING COMPETITION AS WELL.

EVERYONE IN THIS ROOM COULD OR MIGHT BE A POTENTIAL BUYER OF A CAR DEALERSHIP - WHY WOULD WE WANT TO PLACE LIMITATIONS

UPON WHERE THAT DEALERSHIP MIGHT WANT TO MOVE. NEW CAR DEALERS ARE GIVEN AN AREA OF RESPONSIBILITY BY THEIR MANUFACTURERS . WHAT IS WRONG WITH A DEALER WANTING TO MOVE WITHIN THAT AOR TO INCREASE THEIR SALES. IF THE CITY FATHERS OF THEIR COMMUNITIES DO NOT, OR CAN NOT, TAKE STEPS TO ENHANCE THE ECONOMIC WELL BEING OF THEIR BUSINESS COMMUNITY A BUSINESS HAS LITTLE CHOICE BUT TO MOVE THEIR BUSINESS TO A BETTER LOCATION. MOST IOWA BUSINESS PEOPLE WORRY ABOUT THE WELL BEING OF THEIR EMPLOYEES AND WANT TO CONTINUE TO GIVE THEM OPPORTUNITIES TO BETTER THEMSELVES. IOWA BUSINESS MEN AND WOMEN CAN CONTINUE TO COMPETE IN AN OPEN MARKET PLACE AND DO NOT NEED THE STATE OF IOWA TO GUARANTEE THEM MARKET PENETRATION.

JUST LAST WEEK A CREIGHTON UNIVERSITY ECONOMIST TOLD US THAT THERE HAS BEEN A DECREASE IN HIRING IN THE MIDWEST. AN IRAQI OIL MINISTER BELIEVES OIL WILL GO TO \$ 90.00 PER BARREL BEFORE THE END OF THE YEAR. INTEREST RATES ARE ON THE INCREASE. ALL OF THESE GREATLY CONCERN THOSE OF US IN THE CAR BUSINESS. THE MAJOR AUTOMOBILE DEALERS OF THE U.S. KEEP TRANSPORTING AMERICAN JOBS TO ASIA. CAR DEALERS ARE ALWAYS ADJUSTING AND CHANGING THEIR METHODS OF OPERATION DUE TO ADVERSE CONDITIONS.

OUR FAMILY HAS NEW AND USED CAR DEALERSHIPS.

TO PASS ANY TYPE OF LEGISLATION RESTRICTING THOSE DEALERSHIPS FROM MOVING COULD LESSEN THE VALUE OF THOSE DEALERSHIPS.

PLEASE GIVE STRONG CONSIDERATION TO NOT PASSING ANY TYPE OF LEGISLATION THAT WOULD PUT ADDITIONAL BURDENS UPON IOWA'S USED CAR DEALERS, NEW CAR DEALERS, MOTORHOME DEALERS OR RECYCLERS. IF THIS DOOR IS OPENED WALMART MIGHT WANT TO PUT RESTRICTIONS ON COMPETING PHARMACIES, HOME DEPOT MIGHT LIKE TO PUT RESTRICTIONS UPON LOCAL HARDWARES .

COMPETITION AMONGST BUSINESS PEOPLE HAS BEEN THE DRIVING FORCE FOR INNOVATIVENESS FOR MANY YEARS. THE INTERNET HAS GIVEN MOTOR VEHICLE DEALERSHIPS AMAZING OPPORTUNITIES TO REACH OUT TO CONSUMERS. MONOPOLISTIC LAWS GUARANTEEING ANY BUSINESS A SOLE MARKET FOR ANY BRAND OR MODEL WOULD NOT BE IN THE BEST INTERESTS OF THE MAJORITY OF BUSINESSES IN IOWA. CREATING UNFAIR RESTRAINT OF TRADE COULD SET THE STAGE FOR LITIGATION OF A CONSTITUTIONAL NATURE, LET ALONE THE ISSUES DEALING WITH INTERSTATE COMMERCE.

INSTEAD OUR ASSOCIATION ASKS THAT YOU LOOK AT GUIDELINES FOR INTERNET SALES OF MOTOR VEHICLES, LOOK AT REQUIRING ADDITIONAL EDUCATIONAL OPPORTUNITIES FOR USED CAR DEALERS IN PARTICULAR. LOOK AT PREDATORY LENDING IN THE AUTOMOTIVE

INDUSTRY AND LOOK AT AREAS THAT WILL PROVIDE CONTINUED
CONSUMER PROTECTION FOR OUR CUSTOMERS.

STATE LAW OR POLICY SHOULD NOT ADVOCATE THAT DEALERS –
USED - NEW - RECYCLERS – OR MOTORHOME DEALERS BE PROTECTED
FROM ONE ANOTHER BY RESTRICTIONS AS TO WHERE THEY LOCATE
A BUSINESS. THE LEGISLATIVE PROCESS CERTAINLY SHOULD INVOLVE
ITSELF WITH REGULATION OF BUSINESSES, BUT NOT ASSIST THOSE
WHO WISH TO LIMIT OR STIFLE COMPETITION.

WE WANT TO THANK YOU FOR THE OPPORTUNITY TO BE WITH YOU
TODAY – WE APPRECIATE IT VERY MUCH.

IIADA PRESENTATION 10/11/05
MOTOR VEHICLE DEALERS STUDY COMMITTEE
2005 LEGISLATIVE COUNCIL

JUDY WILSON, IIADA BOARD MEMBER
AND LEGISLATIVE COMMITTEE CHAIRPERSON